CSG SYSTEMS INTERNATIONAL INC
Form 424B3
January 27, 2005
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PROSPECTUS

$230,000,000

2.50% Senior Subordinated Convertible Contingent Debt Securities[SM] (CODES[SM]) due 2024

and

Common Stock Issuable Upon Conversion of the CODES

CSG Systems International, Inc. issued $230 million principal amount of the 2.50% Senior Subordinated Convertible Contingent Debt Securities[SM] (CODES[SM]) due 2024 pursuant to the registration exemption provided under Rule 144A in June 2004. This prospectus will be used by selling securityholders to resell their CODES and the common stock issuable upon conversion of the CODES. We will not receive any of the proceeds from the resale of these securities.

The CODES are convertible, at the option of holders of CODES, initially at a conversion rate of 37.3552 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $26.77 per share, subject to adjustments described elsewhere in this prospectus, in the following circumstances:

- during any fiscal quarter, if the market price of our common stock measured over a specified number of trading days in a specified period is above 130% of the conversion price per share on the last day of such preceding fiscal quarter;
- subject to certain exceptions, during the five-business-day period following any 10-consecutive-trading-day period in which the average of the trading prices (as described below under Description of the CODES Conversion Rights Conversion Upon Satisfaction of CODES Price Condition) per $1,000 principal amount of CODES, as determined following a request from a holder to make a determination, for that 10-trading-day period was less than 98% of the average conversion value for the CODES during that period;
- if the CODES have been called for redemption; or
- upon the occurrence of specified corporate transactions.

On December 15, 2004, we irrevocably elected, by notice to the trustee and the holders of the CODES, to satisfy in cash 100% of the principal amount of the CODES converted after that date. After that date, we still may satisfy our conversion obligation to the extent it exceeds the principal amount in cash or common stock or a combination of cash and common stock.

The CODES bear interest at a rate of 2.50% per year. Interest on the CODES is payable on June 15 and December 15 of each year, beginning on December 15, 2004. Beginning with the six-month interest period commencing on June 15, 2011, we will pay additional contingent interest during a six-month period if the average trading price of the CODES during the five consecutive trading days ending on the second trading day

immediately preceding the first day of the six-month period equals 120% or more of the principal amount of the CODES. The CODES will mature on June 15, 2024.

Each holder of CODES may require us, subject to certain conditions, to repurchase for cash all or any portion of that holder s CODES on June 15, 2011, June 15, 2016 and June 15, 2021 at a repurchase price equal to 100% of the principal amount of such CODES plus accrued and unpaid interest (including contingent interest and additional amounts, if any). In addition, upon a change of control, in certain circumstances, each holder may require us to repurchase for cash all or any portion of that holder s CODES at that same purchase price.

The CODES may be redeemed at our option on or after June 20, 2011 for cash as a whole at any time, or from time to time in part, at a repurchase price equal to 100% of the principal amount of such CODES plus accrued and unpaid interest (including contingent interest and additional amounts, if any).

The CODES are our general unsecured obligations and are subordinated to all our existing and future senior indebtedness. The CODES are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of our existing and future subsidiaries.

The CODES are not listed on any securities exchange or automated quotation system. Our common stock is listed on the Nasdaq National Market under the symbol CSGS. The last reported price of our common stock on January 26, 2005 was $17.93 per share.

Investing in these securities involves certain risks. See Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 26, 2005

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You should rely only on the information contained in or incorporated by reference in this prospectus or to which we have referred you. We have not authorized anyone to provide you with different information. We are not, and the selling securityholders are not, making an offer to sell these securities in any state where the offer or sale is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus is accurate as of any date other than the date on the front of this prospectus. The terms CSG Systems, we, us, and our refer to CSG Systems International, Inc. and its subsidiaries, except where the context otherwise requires or as otherwise indicated.

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This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration or continuous offering process. Under this shelf process, selling securityholders may from time to time sell the securities described in this prospectus in one or more offerings.

Each time a selling securityholder sells securities, the selling securityholders are required to provide you with a prospectus containing specific information about the selling securityholder. You should read this prospectus together with the additional information described under the heading Where You Can Find More Information.

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read on the SEC web site or at the SEC office mentioned under the heading Where You Can Find More Information.

This prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain documents referred to herein will be made available to prospective investors upon request to us.

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FORWARD-LOOKING STATEMENTS

Certain information contained in this prospectus or incorporated in this prospectus by reference includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements relate to, without limitation, our future financial condition, economic performance, plans and objectives for future operations and projections of revenue and other financial items. In addition, we and our representatives may from time to time make written or oral forward-looking statements, including statements contained in filings with the Securities and Exchange Commission and in our reports to shareholders. Forward-looking statements generally can be identified by the use of words such as may, will, should, expect, believe, antici estimate, continue or comparable terminology. Forward-looking statements involve certain risks and uncertainties, many of which are beyond our ability to control or predict with accuracy and some of which we might not even anticipate. These risks and uncertainties may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in the forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, we can give no assurance that our expectations will be achieved. In addition, these forward-looking statements are qualified in their entirety by the cautionary statements and the Risk Factors that appear elsewhere in this prospectus or in information incorporated by reference herein. Important factors that may affect our expectations include, among other things:

- the economic state of the global telecommunications industry, including the cable television and satellite industries;
- the loss of a significant client, significant contract or the loss or material reduction in significant business from a client;
- changes in demand for our primary products and services;
- changes in technology in our industry and in the industries we serve;
- consolidation of the global telecommunications industry;
- difficulties in completing complex implementation projects;
- the availability and security of the computer systems and telecommunications networks (including the Internet) on which our products and services depend;
- changes in competitive condition in our industry;
- changes in the political, social and economic conditions in the countries in which we operate;
- the consequences of potential terrorist activities and the responses of the United States and other countries to such activities; and
- other factors beyond our control.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof or in the case of statements incorporated by reference, on the date of the document incorporated by reference. Except to the extent required by applicable law or regulation, we undertake no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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RISK FACTORS

Before investing in our CODES or common stock, you should carefully consider the following risk factors as well as other information contained or incorporated by reference in this prospectus.

Risks Relating to Our Business

We derive a significant portion of our revenues from Comcast and Echostar, and the loss of their business would materially adversely affect our financial condition and results of operations.

We generate approximately one-third of our total consolidated revenues from our two largest clients, Comcast and Echostar. We expect to continue to generate a significant percentage of our future revenues from Comcast and Echostar. Concentration of a large percentage of total revenues with a limited number of clients imposes certain risks to our business. Our financial condition and results of operations (including possible impairment, or significant acceleration of the amortization of client contracts intangible assets) could be materially adversely affected by:

- Comcast s or Echostar s termination of or failure to renew their contracts with us, in whole or in part for any reason; or
- a significant reduction in the number of Comcast or Echostar customers processed on our system.

We recently renewed our contract with Echostar. However, such contract expires in 2006, and there is no assurance that such contract will be renewed on terms satisfactory to us, or at all.

Our industry is highly competitive, and the possibility that a major client may move all or a portion of its customers to a competitor has increased. While our clients may incur some costs in switching to our competitors, they may do so for a variety of reasons, including if we do not maintain favorable relationships, do not provide satisfactory services and products, or for reasons associated with price. Our new contract with Comcast, executed in March 2004, or the Comcast Contract, contains provisions establishing annual financial minimums for 2004, 2005 and 2006, which we currently expect to exceed based on the current number of customers on our system. Under the terms of the Comcast Contract, which does not include exclusivity for us, Comcast could remove one or more regions from or significantly reduce the number of customers on our system without automatically incurring a financial penalty. We have been working, particularly since the arbitration ruling with Comcast, towards creating a favorable relationship with Comcast and the different Comcast regions we service. However, there can be no assurance that we can achieve or maintain that relationship with Comcast or that Comcast will not move customers for any particular region to a competitor s system.

Our Broadband Division, which accounts for a substantial portion of our revenues, is dependent on the U.S. cable television and satellite industries.

The Broadband Division generates its revenues by providing products and services to the U.S. and Canadian cable television and satellite industries. Although our dependence on these industries has been lessened by earning additional revenues outside the U.S. as a result of the Kenan Business acquisition, revenues from the U.S. cable television and satellite industries are still expected to provide a large percentage of our, and substantially all of the Broadband Division s, total revenues in the foreseeable future. A decrease in the number of customers served by our clients, loss of business due to non-renewal of client contracts, industry and client consolidations, movement of customers from our systems to another vendor s system as a result of regionalization strategies by our clients, and/or changing consumer demand for services could have a material adverse effect on our results of operations. There can be no assurance that new entrants into the video market will become our clients. Also, there can be no assurance that video providers will be successful in expanding into other segments of the converging telecommunications industry. Even if major forays into new markets are successful, we may be unable to meet the special billing and customer care needs of that market.

Variability of our quarterly revenues and our failure to meet revenue and earnings expectations would negatively affect the market price for our common stock and the CODES.

Variability in quarterly revenues and operating results are inherent characteristics of the software and professional services industries. Common causes of a failure to meet revenue and operating expectations in these industries include, among others:

- the inability to close and/or recognize revenue on one or more material software transactions that may have been anticipated by management in any particular period;
- the inability to timely renew one or more material software maintenance agreements, or renewing such agreements at lower rates than anticipated; and
- the inability to timely and successfully complete an implementation project and meet client expectations, due to factors discussed in greater detail below.

We expect software license, software maintenance services, and professional services revenues to become an increasingly larger percentage of our total revenues in the future. Consequently, as our total revenues grow, so too does the risk associated with meeting financial expectations for revenues derived from our software licenses, software maintenance services, and professional services offerings. As a result, there is a proportionately increased likelihood that we may fail to meet revenue and earnings expectations of the analyst community. Should we fail to meet analyst expectations, by even a relatively small amount, it would most likely have a disproportionately negative impact upon the market price for our common stock and the CODES.

We face significant competition in our industry.

The market for our products and services is highly competitive. We directly compete with both independent providers of products and services and in-house systems developed by existing and potential clients. In addition, some independent providers are entering into strategic alliances with other independent providers, resulting in either new competitors, or competitors with greater resources. Many of our current and potential competitors have significantly greater financial, marketing, technical, and other competitive resources than our company, many with significant and well-established international operations. There can be no assurance that we will be able to compete successfully with our existing competitors or with new competitors.

Our inability to timely and successfully complete a complex implementation project and meet client expectations could have a material adverse effect on our financial condition and results of operations.

Our GSS Division provides a variety of implementation services in conjunction with its software arrangements. The nature of the efforts required to complete the implementations can range from relatively short and noncomplex projects to long and complex projects. These implementation projects typically range from six to twelve months in length, but can be longer or shorter depending upon the specifics of the project. The length and complexity of an individual project is dependent upon many factors including, but not limited to, the following:

the level of software customization, if any, required in the implementation;

the complexity of the client s business, and the client s intended use of our products and services to address their business needs;

whether the project includes multiple software product implementations or services;

the extent of efforts required to integrate our products with the client s other computer systems and business processes;

the amount and type of data that is required to be converted from the client s old application system to the newly implemented system;

the geographic location of the implementation project;

- whether the arrangement includes additional vendors participating in the overall project, including, but not limited to, prime and subcontractor relationships with our company; and

- the responsibility we have assumed for the overall project completion.

For example, from time to time we may assume a prime contractor (or prime integrator) role in a project in addition to our software implementation responsibilities. Prime contractor roles are inherently more difficult and/or complex as we take on the additional responsibility of managing other vendors as part of the project.

Lengthy and/or complex projects carry a greater degree of business risk than those projects that are short and/or noncomplex in nature. Our inability to timely and successfully complete a project and meet client expectations could have a material adverse effect on our financial condition and results of operations by impacting:

- the amount and timing of revenue recognition. We generally account for our software implementation projects using the percentage-of-completion, or POC, method of accounting, and account for our fixed-price, long-term professional services projects using the proportional performance method, which results in revenue recognition that is generally consistent with the POC method of accounting. We apply various judgments and estimates in following these accounting methods, the primary one being the determination of the estimated effort required to complete a project. Significant increases between quarters in the total estimated effort required to complete a project accounted for in this manner can result in a reduction in anticipated quarterly revenues, and possibly, the reversal of previously recognized revenue;

- the overall profitability of a project. Many of our projects are priced on a fixed-fee basis or the amount of fees that can be billed on a time-and-materials basis is capped. As a result, unexpected costs and/or delays can result in the projects being less profitable than originally anticipated or even unprofitable (i.e., a loss contract). In addition, our products may be considered mission critical customer management systems by our clients. As a result, an arrangement may include penalties and/or potential damages for our failure to perform under the agreed-upon terms of the arrangement; and/or

- the timing of invoicing and/or collection of arrangement fees. Our ability to invoice and collect arrangement fees may be dependent upon our meeting certain contractual milestones, or may be dependent on the overall project status in certain situations in which we act as a subcontractor to another vendor on a project. As a result, the status of and/or delays in a project can impact the timing of invoicing and collection of our arrangement fees.

Our business is dependent upon the economic condition of the global telecommunications industry.

Beginning in early 2001, the economic state of the global telecommunications industry deteriorated. This trend continued into 2003. During this time frame, many companies operating within this industry publicly reported decreased revenues and earnings, and several companies filed for bankruptcy protection. Most telecommunications companies reduced their operating costs and capital expenditures to cope with the market condition during these times. Since our clients operate within this industry sector, the economic state of this industry directly impacts our business, potentially limiting the amount of money spent on customer care and billing products and services, as well as increasing the likelihood of uncollectible accounts receivable and lengthening the cash collection cycle.

Recent public reports, as well as our recent experiences with our client base, are providing signs of economic improvement within this industry sector. However, the public reports are mixed as to whether the recovery is real and whether the recovery is sustainable. If a turnaround in

market conditions occurs, it will likely be slow, and a full, sustained recovery, if it occurs at all, may take several years. Since a significant amount of our GSS Division s business comes from international sources within this industry sector, the pace at which the market recovers presents a significant risk to our ability to timely collect our accounts receivable, maintain profitability, and grow this segment of our business.

Our international operations subject us to additional risks.

We currently conduct a significant amount of our business outside the United States. We are subject to certain risks associated with operating internationally including:

- difficulties with product development meeting local requirements;

- fluctuations in foreign currency exchange rates for which a natural or purchased hedge does not exist or is ineffective;
- longer collection cycles for client billings or accounts receivable, as well as heightened client collection risks, especially in countries with highly inflationary economies and/or with restrictions on the movement of cash out of the country;
- compliance with laws and regulations related to the collection, use, and disclosure of certain personal information relating to clients customers, such as privacy laws, that are more strict than those currently in force in the United States;
- reduced protection for intellectual property rights in some countries;
- inability to recover value added taxes and/or goods and services taxes in foreign jurisdictions; and
- a potential adverse impact to our overall effective income tax rate resulting from, among other things:
  - operations in foreign countries with higher tax rates than the United States;
  - the inability to utilize certain foreign tax credits; and
  - the inability to utilize some or all of losses generated in one or more foreign countries.

Substantial impairment of the GSS Division s goodwill and other intangible assets in the future may be possible.

As of September 30, 2004, there was approximately $30 million in net intangible assets (primarily software) and approximately $217 million of goodwill that was attributable to the GSS Division, which included the assets from the Kenan Business, ICMS, Davinci, and plaNet acquisitions. Key drivers of the value assigned to these acquisitions are the global telecommunications industry client base and the software assets acquired. We performed our annual GSS Division goodwill impairment test as of July 31, 2004, and also performed certain financial analyses of the GSS Division s other long-lived intangible assets at that time as well, and concluded that no impairment of the GSS Division s goodwill or other long-lived intangible assets had occurred at that time. As of September 30, 2004, we concluded that no events or changes in circumstances have occurred since that time to warrant an impairment assessment of the GSS Division s goodwill and/or other long-lived intangible assets. We will continue to monitor the carrying value of these assets during the period of economic recovery for the telecommunications industry and will perform the next scheduled GSS Division annual goodwill impairment testing in the third quarter of 2005. If the current economic conditions take longer to recover than anticipated, it is reasonably possible that a review for impairment of the GSS Division s goodwill and/or related long-lived intangible assets in the future may indicate that these assets are impaired, and the amount of impairment could be substantial.

A reduction in demand for our key customer care and billing products and services could have a material adverse effect on our financial condition and results of operations.

Historically, a substantial percentage of our total revenues have been generated from our core service bureau processing product, CSG CCS/BP, or CCS, and related services. These CCS products and services are expected to provide a large percentage of our, and most of the Broadband Division s, total revenues in the foreseeable future.

Historically, a substantial percentage of the GSS Division s revenues have been generated from its core customer care and billing system product, CSG Kenan FX (formerly CSG Kenan/BP), and associated software maintenance services and professional services. CSG Kenan FX software licenses and related software maintenance services and professional services are expected to provide a large percentage of the GSS Division s total revenues in the foreseeable future.

Any reduction in demand for CCS and/or CSG Kenan FX and related services discussed above could have a material adverse effect on our financial condition and results of operations, including possible impairments to related goodwill and other intangible assets.

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Client bankruptcies could adversely affect our business, and any accounting reserves we have established may not be sufficient.

The economic state of the telecommunications industry increases the risk of our clients filing for bankruptcy protection. Indeed, certain of our clients have filed for bankruptcy protection, with Adelphia Communications representing the largest one for us. Companies involved in bankruptcy proceedings pose greater financial risks to us, consisting principally of possible claims of preferential payments for certain amounts paid to us prior to the bankruptcy filing date, as well as increased collectibility risk for accounts receivable, particularly those accounts receivable that relate to periods prior to the bankruptcy filing date. We consider such risks in assessing our revenue recognition and the collectibility of accounts receivable related to our clients that have filed for bankruptcy protection. We establish accounting reserves for our estimated exposure on these items. However, there can be no assurance that our accounting reserves related to these items are adequate. Should any of the factors considered in determining the adequacy of the overall reserves change adversely, an adjustment to the provision for doubtful account receivables may be necessary. Because of the potential significance of these items, such an adjustment could be material.

We may incur additional material restructuring charges in the future.

Since the third quarter of 2002, we have recorded restructuring charges related to involuntary employee terminations and various facility abandonments. The accounting for facility abandonments requires significant judgments in determining the restructuring charges, primarily related to the assumptions regarding the timing and the amount of any potential sublease arrangements for the abandoned facilities, and the discount rates used to determine the present value of the liabilities. We continually evaluate these assumptions, and adjust the related facility abandonment reserves based on the revised assumptions at that time. Moreover, we continually evaluate ways to reduce our operating expenses through restructuring opportunities, including the utilization of our workforce and current operating facilities. As a result, there is a reasonable possibility that we may incur additional material restructuring charges in the future.

We may not be able to respond to the rapid technological changes in our industry.

The market for customer care and billing systems is characterized by rapid changes in technology and is highly competitive with respect to the need for timely product innovations and new product introductions. In particular, the Broadband Division recently completed its architectural upgrade to CCS and related services and software products to further support convergent broadband services including cross-service bundling, convergent order entry and advanced service provisioning capabilities. We have migrated several clients to the new platform. CCS s advanced convergent solution is expected to be the Broadband Division s next generation product offering.

In addition, during late 2003, we introduced CSG Kenan FX, which combined certain software technologies we had previously developed with the best of the CSG Kenan/BP product family. CSG Kenan FX was the result of an 18-month research and development project that resulted in a business framework consisting of pre-integrated products and modules that make services available via a common middle layer. CSG Kenan FX is expected to be the GSS Division s primary product offering in future periods.

We believe that our future success in sustaining and growing our revenues depends upon continued market acceptance of our current products, including CCS and CSG Kenan FX, and our ability to continuously adapt, modify, maintain, and operate our products to address the increasingly complex and evolving needs of our clients, without sacrificing the reliability or quality of the products. As a result, substantial research and development will be required to maintain the competitiveness of our products and services in the market. Technical problems may arise in developing, maintaining and operating our products and services as the complexities are increased. Development projects can be lengthy and costly, and are subject to changing

requirements, programming difficulties, a shortage of qualified personnel, and unforeseen factors which can result in delays. In addition, we may be responsible for the implementation of new products, and depending upon the specific product, may also be responsible for operations of the product. There is an inherent risk in the successful implementation and operations of these products as the technological complexities increase. There can be no assurance:

- of continued market acceptance of our current products;
- that we will be successful in the timely development of product enhancements or new products that respond to technological advances or changing client needs; or
- that we will be successful in supporting the implementation and/or operations of product enhancements or new products.

See Our inability to timely and successfully complete a complex implementation project and meet client expectations could have a material adverse effect on our financial condition and results of operations for additional risks related to implementation projects.

The consolidation of the global telecommunications industry may have a material adverse effect on our results of operations.

The global telecommunications industry is undergoing significant ownership changes at an accelerated pace. One facet of these changes is that telecommunications service providers are consolidating, decreasing the potential number of buyers for our products and services. Such client consolidations carry with them the inherent risk that the consolidators may choose to move their purchased customers to a competitor s system. In addition, consolidation in the global telecommunications industry may put at risk our ability to leverage our existing relationships. Should this consolidation result in a concentration of customer accounts being owned by companies with whom we do not have a relationship, or with whom competitors are entrenched, it could negatively affect our ability to maintain or expand our market share, thereby having a material adverse effect to our results of operations.

Failure to attract and retain our key management and other highly skilled personnel could have a material adverse effect on our business.

Our future success depends in large part on the continued service of our key management, sales, product development, and operational personnel. We are particularly dependent on our executive officers. We believe that our future success also depends on our ability to attract and retain highly skilled technical, managerial, operational, and marketing personnel, including, in particular, personnel in the areas of research and development and technical support. Competition for qualified personnel at times can be intense, particularly in the areas of research and development, conversions, software implementations, and technical support, especially now that market conditions are improving and the demand for such talent is increasing. In addition, our restructuring activities adversely impact our workforce as a result of involuntary terminations of employees and may adversely impact our ability to retain key personnel and recruit new employees when there is a need. For these reasons, we may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our ability to meet our commitments and new product delivery objectives.

Failure to protect our proprietary intellectual property rights could have a material adverse effect on our financial condition and results of operations.

We rely on a combination of trade secret and copyright laws, nondisclosure agreements, and other contractual and technical measures to protect our proprietary rights in our products. We also hold a limited number of patents on some of our newer products, but do not rely upon patents as a primary means of protecting our rights in our intellectual property. There can be no assurance that these provisions will be adequate to protect

our proprietary rights. Although we believe that our intellectual property rights do not infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not assert infringement claims against us or our clients.

Historically, the vast majority of our revenue has come from domestic sources, limiting the need to develop a strong international intellectual property protection program. With the Kenan Business acquisition, we have clients using our products in many countries. As a result, we need to continually assess whether there is any risk to our intellectual property rights in many countries throughout the world. Should these risks be improperly assessed or if for any reason should our right to develop, produce and distribute our products anywhere in the world be successfully challenged or be significantly curtailed, it could have a material adverse effect on our financial condition and results of operations.

The delivery of our products and services is dependent on a variety of mainframe and distributed system computing environments and telecommunications networks, which may not be available or may be subject to security attacks.

The delivery of our products and services is dependent on a variety of mainframe and distributed system computing environments, which we will collectively refer to herein as systems. We provide such computing environments through both out-sourced arrangements, such as our data processing arrangement with First Data Corporation, as well as internally operating numerous distributed servers in geographically dispersed environments. The end users are connected to our systems through a variety of public and private telecommunications networks, which we will collectively refer to herein as networks, and are highly dependent upon the continued availability and uncompromised security of our networks and systems to conduct their business operations. Our networks and systems are subject to the risk of failure as a result of human and machine error, acts of nature and intentional, unauthorized attacks from computer hackers. Security attacks on distributed systems throughout the industry are more prevalent than on mainframe systems due to the open nature of those computer systems. In addition, we continue to expand our use of the Internet with our product offerings thereby permitting, for example, our clients customers to use the Internet to review account balances, order services or execute similar account management functions. Opening up our networks and systems to permit access via the Internet increases their vulnerability to unauthorized access and corruption, as well as increasing the dependency of the systems reliability on the availability and performance of the Internet s infrastructure. As a means to mitigate certain risks in this area of our business, we have implemented a business continuity plan, and test certain aspects of this plan on a periodic basis. In addition, we have implemented a security program utilizing ISO 17799 as a guideline, and periodically undergo a security review of our systems by independent parties, and have implemented a plan intended to mitigate the risk of an unauthorized access to the networks and systems, including network firewalls, procedural controls, intrusion detection systems and antivirus applications.

The method, manner, cause and timing of an extended interruption or outage in our networks or systems are impossible to predict. As a result, there can be no assurances that our networks and systems will not fail, or that our business continuity plans will adequately mitigate any damages incurred as a consequence. Should our networks or systems experience an extended interruption or outage, have their security compromised or data lost or corrupted, it would impede our ability to meet product and service delivery obligations, and likely have an immediate impact to the business operations of our clients. This would most likely result in an immediate loss to us of revenue or increase in expense, as well as damaging our reputation. Any of these events could have both an immediate, negative impact upon our financial condition and our short-term revenue and profit expectations, as well as our long-term ability to attract and retain new clients.

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Risks Relating to the CODES and the Common Stock into which the CODES are Convertible

Servicing the CODES will require a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to make payments on the CODES, our existing obligations and debt we may incur in the future depends on our ability to generate cash. Our ability to do so is, to some extent, subject to economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our business may not generate sufficient cash from operations, or we may not have future access to sufficient capital, to enable us to pay our debt, including the CODES, or to fund other liquidity needs. If we fail to generate sufficient cash from operations in the future to service our debt, we could be required to:

- seek additional financing in the debt or equity markets;
- refinance or restructure all or a portion of our debt, including the CODES;
- sell selected assets; or
- reduce or delay planned expenditures.

Taking these measures may not enable us to service our debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms, if at all. Any inability to generate sufficient cash or raise capital on favorable terms could have a material adverse effect on our financial condition and on our ability to make payments on the CODES.

We may incur additional debt ranking senior to, or pari passu with, the CODES.

As of September 30, 2004, we had no senior indebtedness outstanding. The indenture governing the CODES does not contain any financial or operating covenants that would limit us or our subsidiaries from incurring additional debt or other liabilities (including additional senior debt), pledging assets to secure such debt or liabilities, paying dividends, issuing securities or repurchasing securities issued by us or any of our subsidiaries. We may incur additional debt in the future.

Any increase in our leverage could have significant negative consequences, including:

- increasing our vulnerability to competitive pressures and any adverse economic and industry conditions;
- limiting our ability to obtain additional financings;

- limiting our ability to make acquisitions;

- requiring the dedication of substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete;

- adversely affecting our ability to pay our obligations under the CODES; and

- placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

Our ability to satisfy our future obligations, including debt service on the CODES, depends on our future operating performance and on economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow to meet these obligations or to successfully execute our business strategy. If we are unable to service our debt and fund our business, we may be forced to reduce or delay capital expenditures, seek additional financing or equity capital, restructure or refinance our debt or sell assets. We cannot assure you that we would be able to obtain additional financing or refinance existing debt or sell assets on terms acceptable to us or at all.

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Your right to receive payments under the CODES is junior to our senior debt and certain future borrowings.

The CODES are subordinated unsecured obligations of CSG and will be junior to any senior debt and all of our future borrowings other than our trade payables and any future debt that expressly provides that it ranks *pari passu* with, or is subordinated in right of payment to, the CODES. As of September 30, 2004, we had no senior indebtedness outstanding. We may incur substantial additional liabilities in the future.

As a result of the subordination of the CODES, upon any distribution to our creditors in a bankruptcy, liquidation, reorganization or similar proceeding relating to us or our property, the holders of our senior debt will be entitled to be paid in full in cash before any payment may be made with respect to the CODES. Because the indenture for the CODES requires that amounts otherwise payable to holders of the CODES in such a proceeding be paid to holders of senior debt instead, holders of the CODES may receive less, ratably, than holders of trade payables, as well as holders of senior debt, in any such proceeding.

Your right to receive payments under the CODES is structurally subordinated to the existing and future liabilities of our subsidiaries.

Our subsidiaries have not guaranteed the CODES and the CODES are not secured by any assets of our subsidiaries. Accordingly, the CODES are structurally subordinated to all existing and future liabilities of our subsidiaries. Those liabilities may include indebtedness, trade payables, guarantees (including existing guarantees of our senior secured credit facility) and lease obligations. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. Our subsidiaries have no obligation to pay any amounts due on the CODES or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. As of September 30, 2004, the aggregate liabilities of our subsidiaries, excluding intercompany obligations, were approximately $153.0 million. Our subsidiaries may incur substantial additional liabilities in the future.

We may not have the ability to raise the funds necessary to repurchase the CODES as provided in the indenture.

Holders have the right to require us to purchase for cash all or a portion of their CODES either following a change in control or on one of three specified repurchase dates. We will also be required to make cash payments on the CODES at their maturity. We expect to fund any such obligation using our available cash, cash generated from our operations or cash from other sources, including borrowings or sales of assets or equity. However, it is possible that we will not have sufficient funds at those times to make any required purchase of CODES, and that we will not be able to arrange financing to pay the repurchase price in cash. Our failure to repurchase the CODES would constitute an event of default under the indenture, which default might also constitute a default under the terms of our other debt.

In addition, any of our future debt agreements may restrict our ability to repurchase the CODES, or may require us to make similar repurchases or repayments of other debt simultaneous with a repurchase of the CODES. If the holders of the CODES exercise their right to require us to repurchase all or a substantial portion of the CODES on a repurchase date or in connection with a change in control, either the financial effect of that repurchase or the exercise of that right itself could cause a default under that other debt.

The change in control purchase feature of the CODES may make more difficult or discourage a takeover proposal or a removal of incumbent management that would otherwise be beneficial to holders of our common stock.

Your right to require us to repurchase the CODES upon the occurrence of a change in control could, in certain circumstances, make more difficult or discourage a potential takeover or a removal of incumbent management that would otherwise benefit the holders of our common stock because we (or our successor) may not have sufficient cash available to satisfy this repurchase obligation.

The Indenture under which the CODES are issued does not contain restrictive covenants, and there is limited protection in the event of a change in control.

The indenture under which the CODES are issued does not contain restrictive covenants that would protect you from several kinds of transactions that may adversely affect you. In particular, the indenture does not contain covenants that limit our ability or the ability of our subsidiaries to pay dividends or make distributions on or redeem our capital stock or limit our ability to incur additional indebtedness and, therefore, will not protect you in the event of a highly leveraged transaction or other similar transaction. In addition, the requirement that we offer to repurchase the CODES upon a change in control is limited to the transactions specified in the definition of a change in control under Description of the CODES Repurchase at Option of Holders Change in Control. Accordingly, we could enter into certain transactions, such as acquisitions, refinancings or a recapitalization, that could affect our capital structure and the value of our common stock but would not constitute a change in control.

Because the CODES will be subject to the special Treasury regulations governing contingent payment debt instruments, the amount of interest required to be included in income by you will exceed the interest actually paid on the CODES and any gain and certain losses on the sale, purchase at your option, exchange, conversion or redemption will be treated as ordinary in character.

For United States federal income tax purposes, the CODES are treated as indebtedness subject to the special Treasury regulations governing contingent payment debt instruments, which we refer to as the contingent debt regulations.

Pursuant to the contingent debt regulations, you will generally be required to accrue interest income at a constant rate of 9.09% per year (subject to certain adjustments), compounded semi-annually, which represents the estimated yield on comparable non-contingent, non-convertible, fixed rate debt instruments with terms and conditions otherwise similar to the CODES. The amount of interest required to be included by you in income for each year generally will exceed the amount of interest paid on the CODES. Specifically, regardless of your method of accounting for U.S. federal income tax purposes, the amount of interest you will be required to include in income in a year will be in excess of the payments and accruals on the CODES for non-tax purposes (i.e., in excess of the stated, semi-annual regular interest payments and accruals and any contingent interest payments) in that year.

You will recognize gain or loss on the sale, purchase by us at your option, exchange, conversion or redemption of a CODES in an amount equal to the difference between the amount realized, including the fair market value of any of our common stock received, and your adjusted tax basis in the CODES. Any gain recognized on the sale, purchase by us at your option, exchange, conversion or redemption of a CODES will be treated as ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income, and thereafter will be treated as capital loss.

You may in certain situations be deemed to have received a distribution subject to U.S. federal income tax as a dividend in the event of a taxable dividend distribution to holders of common stock or in certain other situations requiring a conversion rate adjustment. For Non-U.S. Holders (as defined herein) this deemed distribution may be subject to U.S. federal withholding requirements.

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A discussion of the United States federal income tax consequences of ownership of the CODES is contained in this registration statement under the heading Material United States Federal Income Tax Considerations. You are strongly urged to consult your tax advisor as to the federal, state, local or other tax consequences of acquiring, owning, and disposing of the CODES.

No public trading market for the CODES exists.

The CODES are a new issue of securities for which there is currently no public market. If the CODES are traded after their initial issuance, they may trade at a discount from their issue price plus accrued original issue discount, depending on prevailing interest rates, the market for similar securities, the price of our common stock, our performance and other factors. In addition, we do not know whether an active trading market will develop for the CODES. Certain of the initial purchasers have informed us that they intend to make a market in the CODES after this offering is complete. However, they may discontinue their market-making activities at any time. To the extent that an active trading market does not develop, the price at which you may be able to sell the CODES, if at all, may be less than the price you pay for them in this offering.

Although this shelf registration statement permits the resale of the CODES and the shares of common stock into which the CODES are convertible by the holders, this registration statement may not be available to holders at all times or for all purposes. If this registration statement does not remain effective, the liquidity and price of the CODES and the shares of common stock into which the CODES are convertible would be adversely affected. In addition, selling securityholders may be subject to liability under the Securities Act in connection with any material misstatements or omissions contained in this registration statement.

Because the CODES are represented by global securities registered in the name of a depositary, you are not a holder under the indenture and your ability to transfer or pledge the CODES could be limited.

The CODES are represented by one or more global securities registered in the name of Cede & Co., as nominee for The Depository Trust Company, or DTC. Except in the limited circumstances described in this prospectus, owners of beneficial interests in the global securities will not be entitled to receive physical delivery of CODES in certificated form and will not be considered holders of the CODES under the indenture for any purpose. Instead, owners must rely on the procedures of DTC and its participants to protect their interests under the indenture and to transfer their interests in the CODES. Your ability to pledge your interest in the CODES to persons or entities that do not participate in the DTC system may also be adversely affected by the lack of a certificate.

Fluctuations in the value of our common stock, whether as a result of our operating results, market fluctuations, future sales of our capital stock or equity-linked securities or other factors, could adversely affect the trading price of our common stock and of the CODES.

The price of our common stock on the Nasdaq National Market changes from time to time. We expect that the market price of our common stock will continue to fluctuate as a result of a variety of economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. Because the CODES are convertible into shares of our common stock, price fluctuations in our common stock could have a similar effect on the trading price of the CODES. Holders who have converted their CODES into shares of common stock will also be subject to the risk of such price fluctuations.

In addition, the terms of the CODES do not restrict us from issuing additional shares of common stock or shares of preferred stock, or securities convertible into shares of common stock or preferred stock, so long as the CODES are outstanding. Any such series of preferred stock could

contain dividend rights, conversion rights, voting rights, terms of redemption or liquidation or other rights superior to those of holders of our common stock. Any such future sales could have an adverse effect on the trading price of our common stock or the CODES. See Description of Capital Stock.

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The contingent conversion feature of the CODES could result in your not being entitled to convert a CODES when our common stock is trading at a price above the effective conversion price of the CODES.

The CODES are convertible into shares of our common stock only if specific conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your CODES, even though our common stock may be trading at a price above the effective conversion price of the CODES. In such a circumstance, you may not be able to receive the value of the common stock into which the CODES would otherwise be convertible.

A change in the accounting rules relating to how the CODES impact the computation of our diluted earnings per share may cause us to report significant dilution in our diluted earnings per share.

Under the then-existing application of GAAP at the time of the original issuance of the CODES, the CODES would not be included within the computation of diluted earnings per share until the period in which one of the contingent conversion features had been met. However, in September 2004, the Emerging Issues Task Force, or EITF, of the Financial Accounting Standards Board, or FASB, reached a final consensus decision on Issue No. 04-8, The Effect of Contingently Convertible Instruments on Diluted Earnings per Share. In October 2004, the EITF s consensus decision was ratified by the FASB, and EITF 04-8 became effective during the fourth quarter of 2004. The EITF s consensus decision states that shares to be potentially issued under contingently convertible instruments should be included in diluted earnings per share (if dilutive) regardless of whether any of the contingent conversion features have been met.

In December 2004, we made an irrevocable election, prior to the effectiveness of EITF 04-8, to settle in cash 100% of the principal amount of the CODES converted after the date of the election, which requires us to calculate dilution for the CODES using the treasury stock method in periods in which our average stock price exceeds the current effective conversion price of $26.77 per share. See Description of CODES Settlement upon Conversion (3) Conversion after irrevocable election to pay in cash for further information on this election. Under the treasury stock method, we had no reduction in our previously reported diluted earnings per share in the second and third quarters of 2004, as our average stock price did not exceed the effective conversion price of $26.77 per share during these periods. In addition, going forward, the CODES would impact our diluted earnings per share only in those periods in which our average stock price exceeds the current effective conversion price of $26.77 per share.

If you hold CODES, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold CODES, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will have rights with respect to our common stock only if and when we deliver shares of common stock to you upon conversion of your CODES. For example, in the event that an amendment is proposed to our restated certificate of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or rights of our common stock.

The conversion rate of the CODES may not be adjusted for all dilutive events that may occur.

The conversion rate of the CODES is subject to adjustment for certain events including, but not limited to, the issuance of stock dividends on our common shares, certain distributions of assets, debt securities, capital stock or cash to shareholders and certain issuer tender or exchange offers as described under Description of the CODES Conversion Rate Adjustments. The conversion rate will not, however, be adjusted for other events that may occur, such as an issuance of shares of common stock for cash or a third-party tender offer, that may adversely affect the trading price of the CODES or the common shares.

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Conversion of the CODES will dilute the ownership interest of existing stockholders.

If we elect to settle a conversion of the CODES in shares of our common stock, the conversion of CODES into shares of our common stock will dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon conversion of the CODES could adversely affect prevailing market prices of our common stock. In addition, the existence of the CODES may encourage short selling by market participants due to this dilution or to facilitate trading strategies involving CODES and common stock.

Certain provisions of Delaware law, our restated certificate of incorporation and by-laws could hinder, delay or prevent changes in control.

Certain provisions of Delaware law, our restated certificate of incorporation and our by-laws have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change in control. These provisions include the following:

Special Meetings. According to our by-laws, special meetings of stockholders may be called only by our board of directors, the chairman of our board of directors or our president.

Staggered Board. Our board of directors is divided into three classes, each of whose members will serve for a term of three years, with the members of one class being elected each year.

Removal of Directors. Directors may be removed by the stockholders only for cause, and only by the affirmative vote of the holders of at least 75% of the voting power of all outstanding shares of our capital stock entitled to vote in an election of directors, voting as a single class.

Advance Notice Provisions for Stockholder Nominations and Proposals. Our restated certificate of incorporation and by-laws require advance written notice for stockholders to nominate persons for election as directors at, or to bring other business before, any meeting of stockholders. This provision limits the ability of stockholders to make nominations of persons for election as directors or to introduce other proposals unless we are notified in a timely manner prior to the meeting.

Preferred Stock. Under our restated certificate of incorporation, our board of directors has authority to issue preferred stock from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of our stockholders.

Delaware Business Combinations. We are subject to Section 203 of the Delaware General Corporation Law which, subject to certain exceptions, restricts certain transactions and business combinations between a corporation and a stockholder owning 15% or more of the corporation s outstanding voting stock for a period of three years from the date the stockholder becomes a 15% stockholder. In addition to discouraging a third party from acquiring control of us, the foregoing provisions could impair the ability of existing stockholders to remove and replace our management and/or our board of directors.

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THE COMPANY

We are a global leader in next-generation billing and customer care solutions for the cable television, direct broadcast satellite, advanced internet protocol, or IP, services, next-generation mobile, and fixed wireline markets. We were formed in October 1994 and acquired all of the outstanding stock of CSG Systems, Inc. (formerly Cable Services Group, Inc.) from First Data Corporation, or FDC, in November 1994. CSG Systems, Inc. had been a subsidiary or division of FDC from 1982 until its acquisition by us.

Our principal executive offices are located at 7887 East Belleview, Suite 1000, Englewood, Colorado 80111, and the telephone number at that address is (303) 796-2850. Our website is located at http://www.csgsystems.com. We have provided our website address as an inactive textual reference only and the information contained on our website is not a part of this prospectus. Our common stock is listed on the Nasdaq National Market under the symbol CSGS. We are a S&P Midcap 400 company.

PURPOSE OF THE ISSUANCE OF THE CODES

We issued the CODES to improve our underlying capital structure. We believe the CODES provide the following primary benefits to our business:

- The CODES will reduce our debt service costs. Our previous credit facility, which was terminated concurrently with the initial issuance of the CODES, required periodic principal payments through February 2007. There are no scheduled principal payments for the CODES until their maturity in 2024, and, absent a change in control, the CODES are not subject to redemption at the option of the holders until 2011. In addition, because of the convertibility feature of the CODES (as described below under Description of the CODES Conversion Rights) we were able to issue the CODES at a lower fixed interest rate than we would have otherwise paid on senior subordinated debt with a similar maturity. This will reduce the required interest payments.

- The issuance of the CODES allowed us to fully repay and terminate outstanding indebtedness under our then-existing credit facility, which was senior to the CODES with an earlier maturity date and had restrictive covenants, which limited our flexibility in operating our business. The CODES do not have similar restrictive covenants.

  - As described below under Description of the CODES Conversion Rights, we have structured the CODES mes New Roman" SIZE="2">

		$	**57,721,579**
Specialty Retail 3.2%			
Dixons Carphone PLC	2,286,989	$	16,274,009
Home Depot, Inc. (The)	485,930		56,868,388
Industria de Diseno Textil SA	751,391		25,763,734

		$	**98,906,131**
Technology Hardware, Storage & Peripherals 2.1%			
Apple, Inc.	529,100	$	64,179,830
		$	**64,179,830**
Textiles, Apparel & Luxury Goods 4.0%			
LVMH Moet Hennessy Louis Vuitton SE	137,590	$	25,737,440
NIKE, Inc., Class B	563,204		64,892,365
Pandora A/S	290,572		32,719,487
		$	**123,349,292**
Tobacco 2.7%			
Altria Group, Inc.	771,026	$	41,928,394
Imperial Tobacco Group PLC	821,594		43,114,426
		$	**85,042,820**
Wireless Telecommunication Services 1.5%			
Vodafone Group PLC	12,663,010	$	47,967,438
		$	**47,967,438**
Total Common Stocks (identified cost $2,857,448,506)		**$**	**2,997,892,431**

Exchange-Traded Funds 1.5%

Security	Shares		Value
Equity Funds 1.5%			
iShares MSCI Japan ETF	3,595,299	$	46,487,216
		$	**46,487,216**

Total Exchange-Traded Funds (identified cost $46,970,232)	**$**	**46,487,216**

Short-Term Investments 2.2%

Description		Interest (000 s omitted)		Value
Eaton Vance Cash Reserves Fund, LLC, 0.20%[2]	$	67,980	$	67,980,358

Total Short-Term Investments (identified cost $67,980,358)	**$**	**67,980,358**

Total Investments 99.7% (identified cost $2,972,399,096)	**$**	**3,112,360,005**

Call Options Written (0.2)%

Exchange-Traded Options (0.1)%

Description	Number of Contracts		Strike Price	Expiration Date		Value
S&P 500 Index	1,050	$	2,110	8/7/15	$	(855,750)
S&P 500 Index	975		2,140	8/14/15		(185,250)
S&P 500 Index	1,045		2,120	8/21/15		(1,123,375)
S&P 500 Index	960		2,120	8/28/15		(1,377,600)
					$	**(3,541,975)**

Over-the-Counter Options (0.1)%

Description	Counterparty	Number of Contracts		Strike Price	Expiration Date		Value
Dow Jones Euro Stoxx 50 Index	Citibank, N.A.	22,700	EUR	3,750	8/14/15	$	(102,497)
Dow Jones Euro Stoxx 50 Index	Credit Suisse International	21,250	EUR	3,650	8/28/15		(1,040,642)
Dow Jones Euro Stoxx 50 Index	Deutsche Bank AG	20,400	EUR	3,700	8/21/15		(429,054)
Dow Jones Euro Stoxx 50 Index	Société Générale	18,400	EUR	3,600	8/7/15		(637,428)
FTSE 100 Index	Barclays Bank PLC	6,150	GBP	6,825	8/21/15		(161,425)
FTSE 100 Index	Deutsche Bank AG	6,000	GBP	6,825	8/21/15		(157,488)
Nikkei 225 Index	Citibank N.A.	175,000	JPY	21,000	8/14/15		(143,205)
Nikkei 225 Index	Citibank, N.A.	145,000	JPY	20,625	8/21/15		(353,297)

Nikkei 225 Index	UBS AG	195,000	JPY 20,750	8/7/15		(199,278)
					$	**(3,224,314)**
Total Call Options Written (premiums received $10,562,788)					**$**	**(6,766,289)**
Other Assets, Less Liabilities 0.5%					**$**	**14,979,209**
Net Assets 100.0%					**$**	**3,120,572,925**

The percentage shown for each investment category in the Portfolio of Investments is based on net assets.

ADR - American Depositary Receipt

PC - Participation Certificate

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EUR - Euro
GBP - British Pound Sterling
JPY - Japanese Yen

(1) Non-income producing security.

(2) Affiliated investment company, available to Eaton Vance portfolios and funds, which invests in high quality, U.S. dollar denominated money market instruments. The rate shown is the annualized seven-day yield as of July 31, 2015. Net income allocated from the investment in Eaton Vance Cash Reserves Fund, LLC for the fiscal year to date ended July 31, 2015 was $52,723.

Country Concentration of Portfolio

Country	Percentage of Total Investments	Value
United States	49.1%	$ 1,527,862,728
United Kingdom	12.5	388,646,893
France	7.7	238,707,749
Japan	5.4	167,018,436
Ireland	4.0	123,250,401
Netherlands	3.7	115,500,082
Germany	3.4	104,665,219
Australia	2.0	63,742,707
Switzerland	1.7	53,329,633
Italy	1.7	51,641,204
Belgium	1.2	38,873,002
Sweden	1.1	35,611,171
Denmark	1.0	32,719,487
Israel	1.0	30,559,985
Spain	0.8	25,763,734
Common Stocks	96.3%	$ 2,997,892,431
Exchange-Traded Funds	1.5	46,487,216
Short-Term Investments	2.2	67,980,358
Total Investments	**100.0%**	**$ 3,112,360,005**

The cost and unrealized appreciation (depreciation) of investments of the Fund at July 31, 2015, as determined on a federal income tax basis, were as follows:

Aggregate cost	**$ 2,974,321,725**
Gross unrealized appreciation	$ 263,451,134
Gross unrealized depreciation	(125,412,854)
Net unrealized appreciation	**$ 138,038,280**

Written options activity for the fiscal year to date ended July 31, 2015 was as follows:

	Number of Contracts	Premiums Received
Outstanding, beginning of period	1,363,150	$ 9,823,321
Options written	7,297,005	107,554,253
Options terminated in closing purchase transactions	(4,780,110)	(52,846,046)
Options expired	(3,266,115)	(53,968,740)
Outstanding, end of period	**613,930**	**$ 10,562,788**

All of the securities of the Fund, unless otherwise pledged, are subject to segregation to satisfy the requirements of the escrow agent with respect to exchange-traded options. At July 31, 2015, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. The Fund writes index call options above the current value of the index to generate premium income. In writing index call options, the Fund in effect, sells potential appreciation in the value of the applicable index above the exercise price in exchange for the option premium received. The Fund retains the risk of loss, minus the premium received, should the price of the underlying index decline.

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At July 31, 2015, the aggregate fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in a liability position and whose primary underlying risk exposure is equity price risk was $6,766,289.

Under generally accepted accounting principles for fair value measurements, a three-tier hierarchy to prioritize the assumptions, referred to as inputs, is used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund s own assumptions in determining the fair value of investments)

In cases where the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level disclosed is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At July 31, 2015, the hierarchy of inputs used in valuing the Fund s investments and open derivative instruments, which are carried at value, were as follows:

Asset Description	Level 1	Level 2	Level 3	Total
Common Stocks				
Consumer Discretionary	$ 191,605,991	$ 204,377,824	$	$ 395,983,815
Consumer Staples	161,855,412	226,376,412		388,231,824
Energy	158,387,036	33,326,183		191,713,219
Financials	257,177,620	309,429,941		566,607,561
Health Care	286,448,792	126,842,623		413,291,415
Industrials	93,818,184	178,024,554		271,842,738
Information Technology	398,495,188	36,932,679		435,427,867
Materials	62,077,608			62,077,608
Telecommunication Services	36,405,287	140,459,098		176,864,385
Utilities	57,076,977	38,775,022		95,851,999
Total Common Stocks	**$ 1,703,348,095**	**$ 1,294,544,336***	**$**	**$ 2,997,892,431**
Exchange-Traded Funds	$ 46,487,216	$	$	$ 46,487,216
Short-Term Investments		67,980,358		67,980,358
Total Investments	**$ 1,749,835,311**	**$ 1,362,524,694**	**$**	**$ 3,112,360,005**

Liability Description				
Call Options Written	$ (3,541,975)	$ (3,224,314)	$	$ (6,766,289)
Total	**$ (3,541,975)**	**$ (3,224,314)**	**$**	**$ (6,766,289)**

* Includes foreign equity securities whose values were adjusted to reflect market trading of comparable securities or other correlated instruments that occurred after the close of trading in their applicable foreign markets.

The Fund held no investments or other financial instruments as of October 31, 2014 whose fair value was determined using Level 3 inputs. At July 31, 2015, there were no investments transferred between Level 1 and Level 2 during the fiscal year to date then ended.

For information on the Fund s policy regarding the valuation of investments and other significant accounting policies, please refer to the Fund s most recent financial statements included in its semiannual or annual report to shareholders.

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Item 2. Controls and Procedures

(a) It is the conclusion of the registrant s principal executive officer and principal financial officer that the effectiveness of the registrant s current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission s rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant s principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant s internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant s internal control over financial reporting.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Tax-Managed Global Diversified Equity Income Fund

By: /s/ Michael A. Allison
Michael A. Allison
President

Date: September 21, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Michael A. Allison
Michael A. Allison
President

Date: September 21, 2015

By: /s/ James F. Kirchner
James F. Kirchner
Treasurer

Date: September 21, 2015